

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 CEA-01 CIAE-00 COME-00 DODE-00

EB-07 FRB-03 H-02 INR-07 L-03 LAB-04 NSAE-00 NSC-05

PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01 TRSE-00

PRS-01 SP-02 OMB-01 CU-02 PM-03 ACDA-05 SAJ-01 SSO-00

NSCE-00 INRE-00 USIE-00 ACDE-00 /097 W

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FOR EUR/RPM AND EB/ITP/EWT (TARTTER)

E.O. 11652: N/A

TAGS: CSCE, PFOR, XG, EEWT

SUBJECT: CSCE: BASKET II - TRADE ISSUES

1. COMMITTEE II REMAINS AT IMPASSE IN ATTEMPT TO RESOLVE
RECIPROCITY AND MFN TEXTS.

2. IN EFFORT TO REACH COMPROMISE, SWEDISH DEL CIRCULATED
FOLLOWING INFORMAL TEXT AT END MORNING SESSION JULY 15:
BEGIN TEXT:

-- (PREAMBLE) AWARE OF THE DIVERSITY OF THEIR ECONOMIC
AND SOCIAL SYSTEMS;

-- (PREAMBLE) REAFFIRMING THEIR WILL TO INTENSIFY SUCH
A CO-OPERATION BETWEEN ONE ANOTHER, IRRESPECTIVE OF THEIR
SYSTEMS;

-- (PREAMBLE) RECOGNIZING THAT SUCH A CO-OPERATION, WITH
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DUE REGARD FOR THE DIFFERENT LEVELS OF ECONOMIC DEVELOPMENT,

CAN DEVELOP, TO THE MUTUAL SATISFACTION OF THE PARTNERS, ON A BASIS OF EQUALITY AND RECIPROCITY, PERMITTING, ON THE WHOLE, A DISTRIBUTION OF ADVANTAGES AND OBLIGATIONS OF COMPARABLE SCALE, IN OBSERVANCE OF BILATERAL AND MULTILATERAL AGREEMENTS;

--- (TRADE) ARE RESOLVED TO PROMOTE, ON THE BASIS OF THE MODALITIES OF THEIR ECONOMIC CO-OPERATION, THE EXPANSION OF THEIR MUTUAL TRADE IN GOODS AND SERVICES, AND TO ENSURE CONDITIONS FAVOURABLE TO SUCH DEVELOPMENT;

-- (TRADE) RECOGNIZE, IN THIS CONTEXT, THE BENEFICIAL EFFECTS ON THE DEVELOPMENT OF TRADE OF THE APPLICATION OF MOST FAVOURED NATION TREATMENT; END TEXT.

3. NATO CAUCUS CONSIDERED TEXT AND AGREED TO ACCEPT AS WORKING BASIS. FOLLOWING CHANGES AGREED IN CAUCUS WHICH WERE PRESENTED AT INFORMAL MEETING OF COMMITTEE II (AFTERNOON JULY 15) BY EC, CANADA AND US:

4. IN THIRD PARAGRAPH, DELETE "EQUALITY" AND SUBSTITUTE "WITH DUE RESPECT FOR" IN PLACE OF "IN OBSERVANCE OF".

5. IN FOURTH PARAGRAPH SUBSTITUTE "RECIPROCITY" FOR "ON THE BASIS OF THE MODALITIES OF THEIR ECONOMIC COOPERATION". FINAL PARAGRAPH SHOULD BE REVISED TO LINK MFN DIRECTLY TO RECIPROCITY AND TO ADD CONDITIONAL VERB.

6. USSR REACTED ADAMANTLY TO WESTERN VIEWS AND STATED AS IT HAS ON MANY OCCASIONS THAT IT CANNOT ACCEPT WORDING IN PARAGRAPH 3 "OF COMPARABLE SCALE" WHICH IS SIMILAR TO THIRD ELEMENT OF RECIPROCITY TEXT PRESENTED BY NINE IN PREVIOUS FORMS. ALSO REJECTED ANY LINK BETWEEN RECIPROCITY AND MFN.

7. NINE ARE STILL INSISTING ON THIRD ELEMENT OF RECIPROCITY TEXT BUT HAVE INFORMED NATO CAUCUS THAT IN LAST ANALYSIS THEY WILL NOT STICK ON MFN-RECIPROCITY LINK. AS FALLBACK THEY PREPARED TO ACCEPT SWEDISH TEXT AS IS WITH DELETION OF "IN THIS CONTEXT" IN FINAL PARAGRAPH. CANADA ALSO PREPARED LIMITED OFFICIAL USE

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TO GIVE UP ON LINK.

8. AT THIS POINT, CHANCES FOR AGREEMENT DO NOT SEEM BRIGHT BUT POSSIBILITY EXISTS THAT NINE WILL REACH AGREEMENT WITH EAST ON RECIPROCITY TEXT IN EXCHANGE FOR DROPPING MFN-RECIPROCITY LINK. NEUTRALS WOULD SUPPORT THIS COMPROMISE AND CANADA PREPARED GO ALONG.

9. IN THIS EVENT, US WOULD BE ISOLATED AND WOULD BE RESPONS-
IBLE FOR FAILURE TO REACH AGREEMENT. REQUEST AUTHORIZATION,
THEREFORE, TO AGREE TO CONSENSUS IF OTHER DELS IN AGREEMENT
PROVIDED MFN REFERENCE REMAINS WEAK.

10. SINCE RECIPROCITY TEXT WILL APPEAR IN PREAMBLE TO BASKET
II, ARGUMENT COULD BE MADE THAT IT APPLIES TO ALL OPERATIVE
TEXTS, INCLUDING MFN PARAGRAPH IN COMMERCIAL EXCHANGES SECTION
THEREBY ESTABLISHING INDIRECT LINK.

11. DEPARTMENT'S VIEWS REQUESTED BY OPENING OF BUSINESS ON
WEDNESDAY, JULY 16.ABRAMS

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Message Attributes

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